Submitted via e-mail to regs.comments@federalreserve.gov

October 11, 2004

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

As a community bank, we appreciate the efforts of the agencies to reduce the regulatory burden within the banking industry. Financial institutions are often at a competitive disadvantage due to laws and regulations which are burdensome and costly. Listed below are our comments concerning outdated, unnecessary, or unduly burdensome regulatory requirements pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA).

Consumer Protection in Sales of Insurance (12 CFR Part 208, Subpart H of Reg H):

208.24 (a) Insurance Disclosures
In connection with the initial purchase of an insurance product or annuity by a consumer, you must provide a disclosure to the consumer as identified within the regulation. We offer a bundled checking account product which includes an accidental death and dismemberment insurance product. This required disclosure usually causes more customer confusion rather than clarification. The only bullet point they see is "Not insured by FDIC" and then they question the banker about whether their checking account is FDIC insured. We do not believe that this disclosure is applicable or necessary for these types of insurance products.

208.24 (b) Credit Disclosures
Due to current federal and state regulations governing the sale of insurance, our customers are being overburdened with paperwork. Federal law requires two separate disclosures, one at the time credit insurance is solicited and the other when the insurance is sold. Most states have laws governing the sale of insurance in addition to the federal laws. The customer also must sign the insurance company's required form.

We feel as though the disclosure at the time of solicitation is unnecessary for a lending transaction. Lenders are already providing consumers with a disclosure in connection with credit insurance sales under the Truth in Lending Act. Under Regulation Z, we separately disclose to the consumer that the insurance coverage is not required, provide the consumer with information about the cost of the insurance, and obtain an affirmative written request from the consumer to purchase the insurance. The existing Truth in Lending Act disclosure ensures that the customers are fully aware of the nature and terms of the credit insurance.

208.84 (c) Timing and Method of Disclosures
Disclosures must be made ORALLY and in writing at the time the consumer applies for an extension of credit in connection with which insurance is solicited, offered or sold. We feel that the requirement of the disclosure in general is unduly burdensome as stated above. The provision of orally reading the disclosure is definitely unduly burdensome and unnecessary.

Privacy of Consumer Financial Information (12 CFR Part 216, Reg P)

216.5 Annual Privacy Notice to Customers Required
This is a very burdensome and costly endeavor for especially for banks who do not share information with third parties. Generally, after we mail the notices we receive numerous phone calls from customers that are confused about the notice. Our 2004 annual privacy mailing and supplies cost was approximately $6,700.

We would recommend customer notification only when we institute a material change in our policy. Another viable alternative would be to post a lobby notice stating that the privacy policy is available upon request. In addition, most banks have their privacy policies posted on their websites.

Electronic Fund Transfers (12 CFR Part 205, Reg E)

In general, consumers should have to assume more responsibility for not protecting their card. We feel that it should not be the bank's responsibility to assume the liability if a customer writes their PIN number on the back of the card and it gets stolen. (205.6(b) commentary) Most bankers try to educate the consumer about card responsibility when the card is requested.

With regards to merchant signature based debit card transactions, the liability should shift to the merchant rather than the bank. The merchant is in the best position to verify the signatures and positively identify the consumer.

It costs our bank approximately $32 per item for each dispute submitted which cannot be passed on to the consumer. The mandated time periods for error resolution, notice requirements, costs, and research requirements are very burdensome.

In closing, we appreciate the opportunity to comment on the current regulatory environment. We hope that the agencies will seriously consider our proposals to help reduce our overwhelming regulatory burden.

Sincerely,

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